

25/3/2015

KONSEP BEGROTING 2015/16

2015/16 TO 2017/18
MEDIUM TERM
INKOMSTE EN UITGAWE
VOORUITSKATTINGS

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AFDELING 1 – JAARLIKSE BEGROTING

1.1 BURGEMEESTERSVERSLAG

Raadslede, Amptenare, Dames en Here

Die opstel van hierdie begroting is gedoen te midde van 'n moeilike ekonomiese omgewing. Daar is dus groot druk om meer dienste aan die publiek te gee, maar ook om dit so bekostigbaar as moontlik te maak. Dus moet daar n fyn balans wees om dienste bekostigbaar te maak en dit ook koste effektief te doen sodat die Munisipaliteit sy doel en dit is om effektief diens te lewer, moontlik te maak.



"Whenever I find the key to success, someone changes the lock."

Die ekonomiese agtergrond waarteen die begroting opgestel is, om die minste te sê, uiters onseker. Daar is duidelike tekens dat die ekonomie geweldig agteruitgegaan het sedert die vorige begroting en oral oor is besighede aan die kwyn met die gevolg dat werksgeleenthede drasties afgeneem het.

Die begroting word ook opgestel met die addisionele druk van besluite in die verlede wat daartoe gelei het dat daar ernstige kontantvloei probleme tans bestaan. Ten einde die Raad weer op sy voete te bring sal daar uiteraard ernstige besluite geneem moet word.

“He who restrains his appetite avoids debt - Chinese Proverb”



1.2 RAADSBSLUIT

1. Die Raad het in terme van Afd. 24 Van die *Municipal Finance Management Act, (Act 56 of 2003)* die volgende besluite goedgekeur en aanvaar:

- 1.1. Die konsep jaarlikse begroting van die Munisipaliteit vir die finansiële jaar 2015 /16 en die veelvuldige jaar en enkel jaar kapitaalaanwendings soos in die volgende tabelle vervat:

- 1.1.1. Begrote Finansiële Prestasie (Inkomste en Uitgawe – Standaard klassifikasie)

- 1.1.2. Begrote Finansiële Prestasie (Inkomste en Uitgawe – Munisipale postering)

- 1.1.3. Begrote Finansiële Prestasie (Inkomste per bron en uitgawe per soort)

- 1.1.4. Veelvuldige jaar en enkel jaar kapitaal aanwendings

- 1.2. Die finansiële posisie, kontantvloei begroting, kontant gebaseerde oorskot, batebestuur en basiese diens mikpunte soos uiteengesit in die volgende tabelle:

- 1.2.1. Begrote Finansiële Posisie

- 1.2.2. Begrote Kontantvloei

- 1.2.3. Kontant gebaseerde oorskot

- 1.2.4. Batebestuur

- 1.2.5. Basiese diensmikpunte

2. Dat in terme van Afd. 75A van die *Local Government: Municipal Systems Act (Act 32 of 2000)* goedkeur en aanvaar met ingang van 1 Julie die volgende eiendomsbelastingheffings vir die periode 1 Julie 2015 tot 30 Junie 2016 vasgestel word:

Alle Dorpe	:	0.01105c in die rand
Landelike gebiede	:	0.000674c in die rand
Sutherland / Amandelboom van verbruik van straatligte	:	0.01105c in die rand addisioneel ten opsigte

3. Dat die volgende vrystellings / kortings op eiendomsbelasting toegestaan word:

- 3.1 Persele wat vir woondoeleindes gesoneer is en uitsluitlik vir woondoeleindes gebruik word en waarvan die totale waardasie ten opsigte van grond en

verbeterings R15 000,00 en minder beloop, outomaties van eiendomsbelasting vrygestel word;

- 3.2** Eienaars van eiendomme wat 60 jaar en ouer is en wat een eiendom besit en dit permanent bewoon met 'n huishoudelike inkomste wat nie meer is as 3x die staatspensioen per huishouding per maand nie, 25% van jaarlikse belasting tot maksimum van R1 000;
4. Dat vir die doeleindes van (3) 'n belastingpligtige soos volg omskryf word: "'n Geregistreerde eenaar van 'n belasbare eiendom wat dit bewoon en dit beheer en wat vir die betaling van die belasting daarop verantwoordelik is;
 5. Dat, vir die doeleindes van (3), die inkomste van 'n belastingpligtige geag word die totale inkomste van die belastingpligtige en sy/haar eggenoot of eggenote uit alle bronne plus die inkomste van alle inwonende kinders uit alle bronne, te wees;
 6. Dat, alvorens belastingkorting ooreenkomstig (3) toegestaan word, voldoende bewys van inkomste gelewer word;
 7. Dat elektrisiteitsgelde verhoog word ten opsigte van verbruik wat na 1 Julie 2015 plaasvind;
 8. Dat watergelde verhoog word ten opsigte van verbruik wat na 1 Julie 2015 plaasvind;
 9. Dat gelde betaalbaar vir ander dienste gelewer, verhuur of voorsien met ingang 1 Julie 2015 verhoog word;
 10. Dat die volledige tarieflys en verdere besonderhede gedurende normale kantoorure by die Munisipale kantore ter insae sal wees.
 11. Dat die konsepbegroting geadverteer en ter insae le vir die publiek vir hul kommentaar en insette.

KAPITAAL BEGROTING

Weens die finansiële posisie van Karoo Hoogland Munisipaliteit was dit weereens onmoontlik om enige kapitaal projekte deur middel van interne fondse te finansier. Karoo Hoogland is aangewese op skenkings vir projekte en in die lig is fondse vir slegs 'n paar projekte bekom.

BEDRYFSBEGROTING

Die groot onsekerheid in die samestelling in die begroting is die verhoging in brandstof pryse asook die inflasiekoers. Die goedgekeurde elektrisiteitstariefverhoging wat aan ESKOM toegestaan is, het ook 'n groot invloed op die begroting en wil blyk of dit deel van ons lewe gaan wees vir die volgende paar jare.

Die styging in die uitgawebegroting plaas groot druk op die tariewe wat gehê moet word.



“ So wat maak dit saak as ek die uitgawes onderskat en die inkomste oorskot? Die gemiddeldes bly dieselfde!

Die verliese wat gelei word as gevolg van die misbruik van water het die Raad genoodsaak om na alternatiewe metingsinstrumente te kyk. Die Raad is tans besig om vooruitbetaalde watermeters te ondersoek en is daar reeds met 'n proeflopie in die verband begin.

The following budget principles and guidelines directly informed the compilation of the 2015 / 2016

MTREF:

- The 2014/15 Budget priorities and targets, as well as the base line allocations contained in the Budget were adopted as the upper limits for the new baselines for the 2015 / 2016 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- That service tariff increases be limited to 6% in line with Circular 74 and 75.

1.3 OPERATING REVENUE FRAMEWORK

For Karoo Hoogland Municipality to continue improving the quality of services provided to its citizens, it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macro-economic policy;
- Growth in the KHM and continued economic development;
- Efficient revenue management, which aims to ensure a 90 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);

- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the KHM.

The following table is a summary of the 2015 / 2016 MTREF (classified by main revenue source):

Table 1 Summary of revenue classified by main revenue source

NC066 Karoo Hoogland - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source											
Property rates	2	3,643	4,181	4,499	4,862	4,862	4,862	-	5,950	6,301	6,654
Property rates - penalties & collection charges		219	254	262					-		
Service charges - electricity revenue	2	6,020	6,657	7,000	8,669	8,669	8,669	-	9,250	9,796	10,344
Service charges - water revenue	2	1,467	1,898	2,022	2,700	2,700	2,700	-	2,900	3,071	3,243
Service charges - sanitation revenue	2	2,557	3,126	3,089	3,493	3,493	3,493	-	3,308	3,503	3,699
Service charges - refuse revenue	2	-	-	-	-	-	-	-	2,780	2,944	3,109
Service charges - other									8	8	9
Rental of facilities and equipment		760	712	695					497	526	556
Interest earned - external investments		113	26	146	-	-	-		215	228	240
Interest earned - outstanding debtors		320	409	526					948	1,004	1,060
Dividends received											
Fines		5	5	6					5	5	5
Licences and permits		2	81	79					20	21	22
Agency services		207	223	221					243	257	272
Transfers recognised - operational		38,141	31,671	17,872	17,403	17,403	17,403		21,176	20,938	21,794
Other revenue	2	174	687	277	2,341	2,341	2,341	-	595	630	665
Gains on disposal of PPE				235					50	53	56
Total Revenue (excluding capital transfers and contributions)		53,629	49,930	36,930	39,468	39,468	39,468	-	47,945	49,286	51,729

Table 2 Operating Transfers and Grant Receipts

NC066 Karoo Hoogland - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		-	-	16,438	17,403	17,403	17,403	19,542	19,208	19,967
Local Government Equitable Share				13,898	14,669	14,669	14,669	15,812	16,426	17,034
Finance Management				1,650	1,800	1,800	1,800	1,800	1,825	1,900
Municipal Systems Improvement				890	934	934	934	930	957	1,033
EPWP Incentive								1,000	-	-
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	715	715	715	1,634	1,730	1,827
Library Grant					715	715	715	1,634	1,730	1,827
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	-	-	16,438	18,118	18,118	18,118	21,176	20,938	21,794
Capital Transfers and Grants										
National Government:		-	-	11,805	10,490	10,490	10,490	8,005	8,135	8,329
Municipal Infrastructure Grant (MIG)				10,805	8,890	8,890	8,890	8,005	8,135	8,329
Municipal Infrastructure Grant (MIG)				1,000	1,000	1,000	1,000			
Regional Bulk Infrastructure					600	600	600			
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Grants	5	-	-	11,805	10,490	10,490	10,490	8,005	8,135	8,329
TOTAL RECEIPTS OF TRANSFERS & GRANTS		-	-	28,243	28,608	28,608	28,608	29,181	29,073	30,123

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the KHM.

The percentage increase Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the KHM. Discounting the impact of these price increases in lower consumer tariffs will erode the KHM's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the KHM is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the KHM has undertaken the tariff setting process relating to service charges as follows.

1.3.1 PROPOSED TARIFFS

The proposed tariffs are set out in **Annexure A** to the report.

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA).
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;

- The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rateable properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

1.3.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective.

Better maintenance of infrastructure and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

The tariff structure of the 2015 / 2016 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption at a higher rate.

1.3.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 14.24 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2015.

Considering the Eskom increases, the consumer tariff had to be increased by 12.20 per cent to offset the additional bulk purchase cost from 1 July 2015. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2015. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). The KHM has entered into discussions with NERSA regarding the suitability of the NERSA proposed stepped tariffs compared to those already being implemented by the KHM. Until the discussions are concluded, the KHM will maintain the current structure of its electricity tariffs.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the KHM. Most of the suburbs and inner KHM reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the Fraserburg electricity network has therefore become a strategic priority, especially the substations and transmission lines.

The approved budget for the Electricity Division can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply). It is estimated that special funding for electricity bulk infrastructure to the amount of R15 million over five years will be necessary to steer the KHM out of this predicament.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers.

1.3.4 Sanitation and Impact of Tariff Increases

A tariff increase of 6 percent for sanitation from 1 July 2015 is proposed. This is based on the input cost assumptions related to water. It should be noted that electricity costs contributes approximately 5 per cent of waste water treatment input costs, therefore the higher than CPI is actually needed as an increase for sanitation tariffs.

1.3.5 Waste Removal and Impact of Tariff Increases

A 6 percent increase in the waste removal tariff is proposed from 1 July 2015. This is due to the above inflation rate increase in fuel costs.

1.3.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills will be 6 per cent.

Table 3 MBRR Table SA14 – Household bill

NC066 Karoo Hoogland - Supporting Table SA14 Household bills

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16 % incr.	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates				561.01	594.67	594.67	594.67	6.0%	630.77	667.99	705.39
Electricity: Basic levy									–	–	–
Electricity: Consumption				1,440.00	1,546.42	1,546.42	1,546.42	12.2%	1,720.00	1,821.48	1,923.48
Water: Basic levy				55.00	60.50	60.50	60.50	6.0%	64.14	67.92	71.73
Water: Consumption				131.61	144.77	144.77	144.77	6.0%	160.71	170.19	179.72
Sanitation				90.00	96.30	96.30	96.30	6.0%	102.82	108.89	114.98
Refuse removal				85.59	91.58	91.58	91.58	6.0%	95.40	101.03	106.69
Other											
sub-total		–	–	2,363.21	2,534.24	2,534.24	2,534.24	9.5%	2,773.84	2,937.50	3,102.00
VAT on Services											
Total large household bill:		–	–	2,363.21	2,534.24	2,534.24	2,534.24	9.5%	2,773.84	2,937.50	3,102.00
% increase/-decrease			–	–	7.2%	–	–		9.5%	5.9%	5.6%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates				397.21	421.04	421.04	421.04	6.0%	446.60	472.95	499.43
Electricity: Basic levy									–	–	–
Electricity: Consumption				720.00	733.21	733.21	733.21	12.2%	860.00	910.74	961.74
Water: Basic levy				55.00	60.50	60.50	60.50	6.0%	64.14	67.92	71.73
Water: Consumption				109.11	120.02	120.02	120.02	6.0%	131.36	139.11	146.90
Sanitation				90.00	96.30	96.30	96.30	6.0%	102.08	108.10	114.15
Refuse removal				85.59	91.58	91.58	91.58	6.0%	95.40	101.03	106.69
Other											
sub-total		–	–	1,456.91	1,522.65	1,522.65	1,522.65	11.6%	1,699.58	1,799.85	1,900.64
VAT on Services											
Total small household bill:		–	–	1,456.91	1,522.65	1,522.65	1,522.65	11.6%	1,699.58	1,799.85	1,900.64
% increase/-decrease			–	–	4.5%	–	–		11.6%	5.9%	5.6%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates									248.62	263.29	278.03
Electricity: Basic levy									–	–	–
Electricity: Consumption									363.00	384.42	405.94
Water: Basic levy									–	–	–
Water: Consumption									77.41	81.98	86.57
Sanitation									–	–	–
Refuse removal									–	–	–
Other									–	–	–
sub-total		–	–	–	–	–	–	–	689.03	729.68	770.55
VAT on Services											
Total small household bill:		–	–	–	–	–	–	–	689.03	729.68	770.55
% increase/-decrease			–	–	–	–	–		–	5.9%	5.6%

1.4 OPERATING EXPENDITURE FRAMEWORK

The KHM's expenditure framework for the 2015 / 2016 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to sanitation and streets.
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2015 / 2016 budget and MTREF (classified per main type of operating expenditure):

Table 4 Summary of operating expenditure by standard classification item

Expenditure By Type											
Employee related costs	2	17,718	18,599	17,202	18,157	18,157	18,157	–	17,352	18,419	19,496
Remuneration of councillors		1,321	1,640	1,691	1,973	1,973	1,973		2,394	2,102	2,225
Debt impairment	3	2,040		1,328	2,841	2,841	2,841		2,340	2,478	2,617
Depreciation & asset impairment	2	14,115	15,033	15,464	14,653	14,653	14,653	–	400	424	447
Finance charges		551	677	507	–	–	–		305	305	305
Bulk purchases	2	4,952	5,085	6,542	6,800	6,800	6,800	–	7,615	8,064	8,516
Other materials	8	2,195	1,604	956	1,181	1,181	1,181		2,028	1,882	1,660
Contracted services		–	–	–	–	–	–		1,950	2,065	2,181
Transfers and grants		11,484	7,477	3	–	–	–	–	–	–	–
Other expenditure	4, 5	5,129	4,198	9,724	7,482	7,482	7,482	–	13,451	13,365	14,040
Loss on disposal of PPE											
Total Expenditure		59,505	54,311	53,416	53,087	53,087	53,087	–	47,834	49,103	51,486
Surplus/(Deficit)		(5,876)	(4,381)	(16,486)	(13,619)	(13,619)	(13,619)	–	111	183	243
Transfers recognised - capital		3	1	12,059							
Contributions recognised - capital	6	–	–	–	–	–	–	–	–	–	–
Contributed assets									–	–	–
Surplus/(Deficit) after capital transfers & contributions		(5,873)	(4,380)	(4,427)	(13,619)	(13,619)	(13,619)	–	111	183	243
Taxation											
Surplus/(Deficit) after taxation		(5,873)	(4,380)	(4,427)	(13,619)	(13,619)	(13,619)	–	111	183	243
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(5,873)	(4,380)	(4,427)	(13,619)	(13,619)	(13,619)	–	111	183	243
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(5,873)	(4,380)	(4,427)	(13,619)	(13,619)	(13,619)	–	111	183	243

KONSEP BEGROTING 2015/16

NC066 Karoo Hoogland - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		35,513	29,419	27,360	14,104	14,104	14,104	12,693	13,285	13,980
Executive and council		4,371	5,519	4,916	10,640	10,640	10,640	1,528	1,618	1,671
Budget and treasury office		27,276	23,893	22,449	3,463	3,463	3,463	3,357	3,426	3,634
Corporate services		3,865	7	(5)	1	1	1	7,808	8,241	8,675
<i>Community and public safety</i>		621	633	626	1,188	1,188	1,188	2,010	2,128	2,247
Community and social services		599	612	607	1,164	1,164	1,164	1,982	2,098	2,216
Sport and recreation		22	21	20	24	24	24	28	30	31
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		0	1	-	-	-	-	1,011	11	12
Planning and development		0	1	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	1,011	11	12
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		17,497	19,879	21,002	24,176	24,176	24,176	32,232	33,862	35,490
Electricity		7,468	8,341	8,847	10,679	10,679	10,679	12,230	12,686	13,344
Water		3,790	4,415	4,743	5,500	5,500	5,500	6,289	6,803	7,116
Waste water management		6,240	7,122	7,411	7,997	7,997	7,997	7,159	7,505	7,851
Waste management		-	-	-	-	-	-	6,554	6,867	7,179
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	53,632	49,931	48,989	39,468	39,468	39,468	47,945	49,286	51,729
Expenditure - Standard										
<i>Governance and administration</i>		30,650	24,428	22,240	20,801	20,801	20,801	18,635	19,234	19,984
Executive and council		5,268	4,601	4,375	5,132	5,132	5,132	8,280	8,266	8,719
Budget and treasury office		25,310	19,795	13,452	10,315	10,315	10,315	9,307	9,856	10,092
Corporate services		72	31	4,413	5,354	5,354	5,354	1,049	1,111	1,173
<i>Community and public safety</i>		2,583	1,975	2,257	2,199	2,199	2,199	2,957	3,132	3,307
Community and social services		1,248	479	838	1,309	1,309	1,309	2,027	2,148	2,270
Sport and recreation		1,317	1,485	1,376	860	860	860	930	983	1,037
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		17	10	44	30	30	30	-	-	-
<i>Economic and environmental services</i>		12,563	12,834	12,430	11,717	11,717	11,717	2,839	1,998	2,109
Planning and development		138	114	152	75	75	75	-	-	-
Road transport		12,425	12,721	12,278	11,642	11,642	11,642	2,839	1,998	2,109
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		13,709	15,075	16,489	18,370	18,370	18,370	23,402	24,739	26,086
Electricity		6,844	6,839	8,132	9,296	9,296	9,296	11,802	12,454	13,111
Water		2,694	3,754	4,060	3,620	3,620	3,620	3,331	3,529	3,727
Waste water management		4,171	4,482	4,298	5,454	5,454	5,454	4,832	5,117	5,404
Waste management		-	-	-	-	-	-	3,437	3,640	3,844
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	59,505	54,311	53,416	53,087	53,087	53,087	47,834	49,103	51,486
Surplus/(Deficit) for the year		(5,873)	(4,380)	(4,427)	(13,619)	(13,619)	(13,619)	111	183	243

The budgeted allocation for employee related costs for the 2015/ 2016 financial year totals R 17.3 million, which equals 36 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 4.4 per cent for the 2015 / 2016 financial year. An annual increase of 6.15 and 5.85 per cent has been included in the two outer years of the MTREF as per Circular 75.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has not yet been taken into account in compiling the KHM's budget.

The provision of debt impairment was determined based on an annual collection rate of 83 per cent and the Debt Write-off Policy of the KHM. For the 2015 / 2016 financial year this amount

equates to R2.3 million and escalates to R2.6 million by 2017/18. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard should have been a total of R19,12 million for the 2015 / 2016 financial year. It can however not be cash backed and therefore R 400 000 was budgeted. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases of 14.24% have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 6 per cent for 2015 / 2016 and curbed at 5.9 and 5.6 per cent for the two outer years, indicating that significant cost savings have been already realised. Further details relating to contracted services can be seen in Table 64 MBRR SA1 (see page 100).

The following graph gives a breakdown of the main expenditure categories for the 2015 / 2016 financial year.

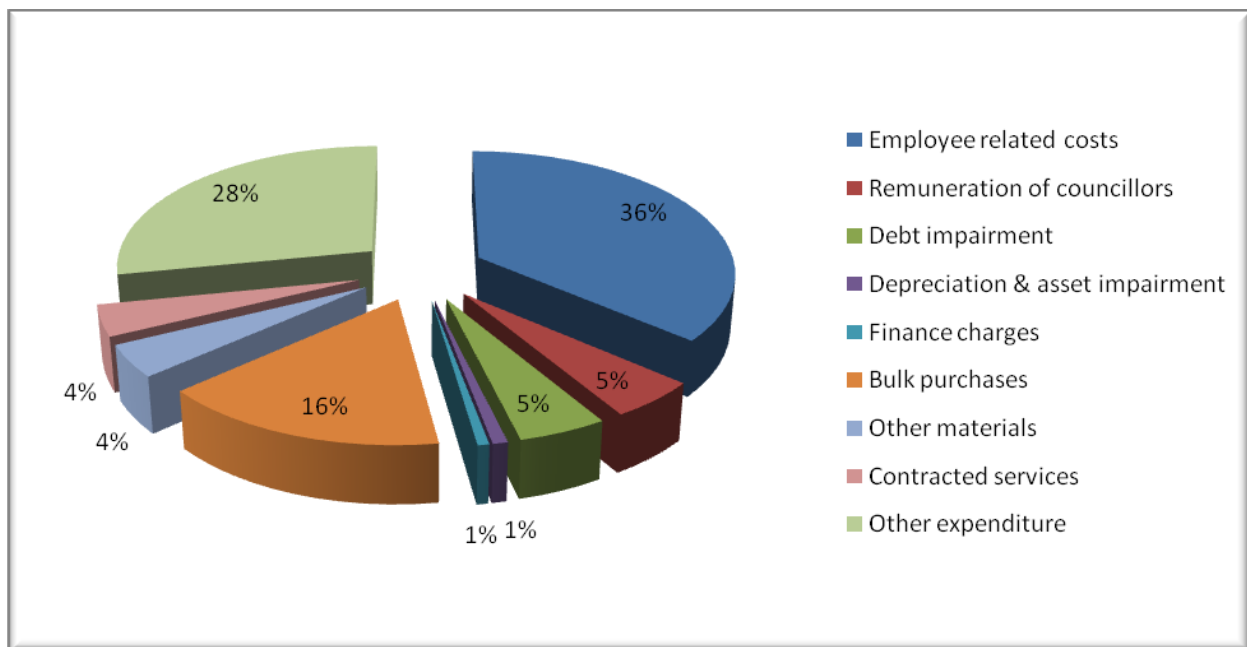


Figure 1 Main operational expenditure categories for the 2015 / 2016 financial year

1.4.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the KHM's current infrastructure, the 2015 / 2016 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the KHM. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

For the 2015 / 2016 financial year, only R2 m will be spent on maintenance of infrastructure assets. This is still considered to be insufficient to maintain the assets adequately.

1.4.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the KHM's Indigent Policy. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 38.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.5 CAPITAL EXPENDITURE

Due to financial constraints, it was not possible to provide funding for capital projects from our own sources. Only two projects could be included which are funded from National Grants.:

Fraserburg Storm Water **R 3 800 000**

Streets All towns **R 4 205 000**

1.6 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2015 / 2016 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 5 MBRR Table A1 - Budget Summary

KONSEP BEGROTING 2015/16

NC066 Karoo Hoogland - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

2015/16 Medium Term Revenue & Expenditure Framework											
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome			
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		3,643	4,181	4,499	4,862	4,862	4,862		8,550	9,054	9,561
less Revenue Foregone									2,600	2,753	2,908
Net Property Rates		3,643	4,181	4,499	4,862	4,862	4,862	-	5,950	6,301	6,654
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		6,020	6,657	7,000	8,669	8,669	8,669		9,250	9,796	10,344
less Revenue Foregone											
Net Service charges - electricity revenue		6,020	6,657	7,000	8,669	8,669	8,669	-	9,250	9,796	10,344
Service charges - water revenue	6										
Total Service charges - water revenue		1,467	1,898	2,022	2,700	2,700	2,700		2,900	3,071	3,243
less Revenue Foregone											
Net Service charges - water revenue		1,467	1,898	2,022	2,700	2,700	2,700	-	2,900	3,071	3,243
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		2,557	3,126	3,089	3,493	3,493	3,493		3,308	3,503	3,699
less Revenue Foregone											
Net Service charges - sanitation revenue		2,557	3,126	3,089	3,493	3,493	3,493	-	3,308	3,503	3,699
Service charges - refuse revenue	6										
Total refuse removal revenue									2,780	2,944	3,109
Total landfill revenue											
less Revenue Foregone											
Net Service charges - refuse revenue		-	-	-	-	-	-	-	2,780	2,944	3,109
Other Revenue by source											
List other revenue by source		174	687	277	2,341	2,341	2,341				
LG Seta									150	159	168
Other									445	471	497
Total 'Other' Revenue	3	174	687	277	2,341	2,341	2,341	-	595	630	665

Explanatory notes to MBRR Table A1 - Budget Summary

- Table A1 is a budget summary and provides a concise overview of the KHM's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - Capital expenditure is balanced by capital funding sources, of which
 - Transfers recognised is reflected on the Financial Performance Budget;
 - Borrowing is incorporated in the net cash from financing on the Cash Flow Budget

- iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2015/16, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase.

Table 6 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

NC066 Karoo Hoogland - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		35,513	29,419	27,360	14,104	14,104	14,104	12,693	13,285	13,980
Executive and council		4,371	5,519	4,916	10,640	10,640	10,640	1,528	1,618	1,671
Budget and treasury office		27,276	23,893	22,449	3,463	3,463	3,463	3,357	3,426	3,634
Corporate services		3,865	7	(5)	1	1	1	7,808	8,241	8,675
<i>Community and public safety</i>		621	633	626	1,188	1,188	1,188	2,010	2,128	2,247
Community and social services		599	612	607	1,164	1,164	1,164	1,982	2,098	2,216
Sport and recreation		22	21	20	24	24	24	28	30	31
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		0	1	-	-	-	-	1,011	11	12
Planning and development		0	1	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	1,011	11	12
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		17,497	19,879	21,002	24,176	24,176	24,176	32,232	33,862	35,490
Electricity		7,468	8,341	8,847	10,679	10,679	10,679	12,230	12,686	13,344
Water		3,790	4,415	4,743	5,500	5,500	5,500	6,289	6,803	7,116
Waste water management		6,240	7,122	7,411	7,997	7,997	7,997	7,159	7,505	7,851
Waste management		-	-	-	-	-	-	6,554	6,867	7,179
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	53,632	49,931	48,969	39,468	39,468	39,468	47,945	49,286	51,729
Expenditure - Standard										
<i>Governance and administration</i>		30,650	24,426	22,240	20,801	20,801	20,801	18,635	19,234	19,984
Executive and council		5,268	4,601	4,375	5,132	5,132	5,132	8,280	8,266	8,719
Budget and treasury office		25,310	19,795	13,452	10,315	10,315	10,315	9,307	9,856	10,092
Corporate services		72	31	4,413	5,354	5,354	5,354	1,049	1,111	1,173
<i>Community and public safety</i>		2,583	1,975	2,257	2,199	2,199	2,199	2,957	3,132	3,307
Community and social services		1,248	479	838	1,309	1,309	1,309	2,027	2,148	2,270
Sport and recreation		1,317	1,485	1,376	860	860	860	930	983	1,037
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		17	10	44	30	30	30	-	-	-
<i>Economic and environmental services</i>		12,563	12,834	12,430	11,717	11,717	11,717	2,839	1,998	2,109
Planning and development		138	114	152	75	75	75	-	-	-
Road transport		12,425	12,721	12,278	11,642	11,642	11,642	2,839	1,998	2,109
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		13,709	15,075	16,489	18,370	18,370	18,370	23,402	24,739	26,086
Electricity		6,844	6,839	8,132	9,296	9,296	9,296	11,802	12,454	13,111
Water		2,694	3,754	4,060	3,620	3,620	3,620	3,331	3,529	3,727
Waste water management		4,171	4,482	4,298	5,454	5,454	5,454	4,832	5,117	5,404
Waste management		-	-	-	-	-	-	3,437	3,640	3,844
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	59,505	54,311	53,416	53,087	53,087	53,087	47,834	49,103	51,486
Surplus/(Deficit) for the year		(5,873)	(4,380)	(4,427)	(13,619)	(13,619)	(13,619)	111	183	243

KONSEP BEGROTING 2015/16

NC066 Karoo Hoogland - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description		Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand												
ASSETS												
Call investment deposits												
Call deposits < 90 days			355	367				(622)	-	-	-	
Other current investments > 90 days									-	-	-	
Total Call investment deposits	2		355	367	-	-	-	(622)	-	-	-	
Consumer debtors												
Consumer debtors			4,015	6,918	1,670	5,245	5,245	5,245	122	20,088	21,273	
Less: Provision for debt impairment									(12,480)	(13,216)	(13,957)	
Total Consumer debtors	2		4,015	6,918	1,670	5,245	5,245	5,245	122	7,608	8,057	
Debt impairment provision												
Balance at the beginning of the year									(10,140)	(12,480)	(14,958)	
Contributions to the provision									(2,340)	(2,478)	(2,617)	
Bad debts written off									-	-	-	
Balance at end of year			-	-	-	-	-	-	(12,480)	(14,958)	(17,575)	
Property, plant and equipment (PPE)												
PPE at cost/valuation (excl. finance leases)			163,710	159,827	158,622	148,037	148,037	148,037	5	167,522	177,405	
Leases recognised as PPE	3											
Less: Accumulated depreciation												
Total Property, plant and equipment (PPE)	2		163,710	159,827	158,622	148,037	148,037	148,037	5	167,522	177,405	
LIABILITIES												
Current liabilities - Borrowing												
Short term loans (other than bank overdraft)												
Current portion of long-term liabilities			68	68	83	142	142	142		305	305	
Total Current liabilities - Borrowing			68	68	83	142	142	142	-	305	305	
Trade and other payables												
Trade and other creditors			10,789	11,217	7,785	5,238	5,238	5,238	1,453	7,407	7,844	
Unspent conditional transfers												
VAT												
Total Trade and other payables	2		10,789	11,217	7,785	5,238	5,238	5,238	1,453	7,407	7,844	
Non current liabilities - Borrowing												
Borrowing	4		2,329	2,329	2,170	2,808	2,808	2,808		2,488	2,323	
Finance leases (including PPP asset element)												
Total Non current liabilities - Borrowing			2,329	2,329	2,170	2,808	2,808	2,808	-	2,488	2,323	
Provisions - non-current												
Retirement benefits												
List other major provision items												
Refuse landfill site rehabilitation												
Other			3,615	3,995	3,823	3,336	3,336	3,336		2,340	2,478	
Total Provisions - non-current			3,615	3,995	3,823	3,336	3,336	3,336	-	2,340	2,478	
CHANGES IN NET ASSETS												
Accumulated Surplus/(Deficit)												
Accumulated Surplus/(Deficit) - opening balance												
GRAP adjustments												
Restated balance			-	-	-	-	-	-	-	-	-	
Surplus/(Deficit)			(5,873)	(4,380)	(4,427)	(13,619)	(13,619)	(13,619)	-	111	183	
Appropriations to Reserves												
Transfers from Reserves												
Depreciation offsets												
Other adjustments												
Accumulated Surplus/(Deficit)	1		(5,873)	(4,380)	(4,427)	(13,619)	(13,619)	(13,619)	-	111	183	
Reserves												
Housing Development Fund												
Capital replacement												
Self-insurance												
Other reserves			171,874									
Revaluation												
Total Reserves	2		171,874	-	-	-	-	-	-	-	-	
TOTAL COMMUNITY WEALTH/EQUITY	2		166,001	(4,380)	(4,427)	(13,619)	(13,619)	(13,619)	-	111	183	

Table 7 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table 8 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

NC066 Karoo Hoogland - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand												
Service Delivery	To enhance sustainable service delivery through infrastructure development			53,632	49,931	48,989	30,505	30,505	30,505	43,025	44,075	46,227
Local Economic Development	The successful implementation of the LED Strategy Address social challenges that hinder economic development											
Financial Viability	The development of a financial plan with strategies to ensure that Karoo Hoogland will be a financial viable entity						3,463	3,463	3,463	3,307	3,502	3,698
Municipal Transformation and Organizational Development	To establish proper administrative and institutional infrastructure to properly regulate the implementation of the IDP						5,500	5,500	5,500	1,578	1,671	1,765
Good Governance	To actively involve the public in local government To monitor and evaluate the performance of council in terms of its PMS Community Participation									35	37	39
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	53,632	49,931	48,989	39,468	39,468	39,468	47,945	49,286	51,729

Table 9 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Capital Expenditure - Standard											
<i>Governance and administration</i>		204	38	12	-	-	-	-	-	-	-
Executive and council		204	38	12							
Budget and treasury office		-									
Corporate services											
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-
Community and social services											
Sport and recreation											
Public safety											
Housing											
Health											
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	4,205	8,135	8,329
Planning and development											
Road transport									4,205	8,135	8,329
Environmental protection											
<i>Trading services</i>		14,907	10,996	10,267	10,490	10,490	10,490	-	3,800	-	-
Electricity		-		3,328	1,000	1,000	1,000				
Water		14,722	10,996	4,978	600	600	600		3,800		
Waste water management		185		1,961	8,890	8,890	8,890				
Waste management											
<i>Other</i>											
Total Capital Expenditure - Standard	3	15,111	11,034	10,279	10,490	10,490	10,490	-	8,005	8,135	8,329
Funded by:											
National Government		15,111	11,034	10,267	10,490	10,490	10,490		8,005	8,135	8,329
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	15,111	11,034	10,267	10,490	10,490	10,490	-	8,005	8,135	8,329
Public contributions & donations	5										
Borrowing	6										
Internally generated funds				12							
Total Capital Funding	7	15,111	11,034	10,279	10,490	10,490	10,490	-	8,005	8,135	8,329

Table 10 MBRR Table A6 - Budgeted Financial Position

NC066 Karoo Hoogland - Table A6 Budgeted Financial Position

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
ASSETS											
Current assets											
Cash		1,935	356	3,131					2,780	2,944	3,109
Call investment deposits	1	355	367	-	-	-	-	(622)	-	-	-
Consumer debtors	1	4,015	6,918	1,670	5,245	5,245	5,245	122	7,608	8,057	8,508
Other debtors		724	416	416				(443)			
Current portion of long-term receivables		3	3								
Inventory	2	11	16	22					24	26	27
Total current assets		7,042	8,076	5,238	5,245	5,245	5,245	(942)	10,412	11,027	11,644
Non current assets											
Long-term receivables		1,154						273			
Investments		-									
Investment property		18,122	18,086	18,050					18,050	18,050	18,050
Investment in Associate											
Property, plant and equipment	3	163,710	159,827	158,622	148,037	148,037	148,037	5	167,522	177,405	187,340
Agricultural											
Biological											
Intangible		873	794	714					757	801	846
Other non-current assets			1,154	5,508							
Total non current assets		183,859	179,860	182,893	148,037	148,037	148,037	279	186,328	196,257	206,236
TOTAL ASSETS		190,901	187,936	188,132	153,282	153,282	153,282	(664)	196,741	207,283	217,880
LIABILITIES											
Current liabilities											
Bank overdraft	1								-	-	-
Borrowing	4	68	68	83	142	142	142	-	305	305	305
Consumer deposits		429	299	285				0	295	295	295
Trade and other payables	4	10,789	11,217	7,785	5,238	5,238	5,238	1,453	7,407	7,844	8,284
Provisions		1,798	2,103	1,885					2,340	2,478	2,617
Total current liabilities		13,083	13,686	10,038	5,380	5,380	5,380	1,454	10,347	10,923	11,501
Non current liabilities											
Borrowing		2,329	2,329	2,170	2,808	2,808	2,808	-	2,488	2,323	2,149
Provisions		3,615	3,995	3,823	3,336	3,336	3,336	-	2,340	2,478	2,617
Total non current liabilities		5,944	6,324	5,993	6,144	6,144	6,144	-	4,828	4,801	4,766
TOTAL LIABILITIES		19,027	20,010	16,031	11,524	11,524	11,524	1,454	15,175	15,723	16,267
NET ASSETS	5	171,874	167,926	172,101	141,758	141,758	141,758	(2,117)	181,565	191,560	201,614
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)			167,926	172,101	141,758	141,758	141,758	(2,117)	181,565	191,560	201,614
Reserves	4	171,874	-	-	-	-	-	-	-	-	-
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	171,874	167,926	172,101	141,758	141,758	141,758	(2,117)	181,565	191,560	201,614

Table 11 MBRR Table A7 - Budgeted Cash Flow Statement

NC066 Karoo Hoogland - Table A7 Budgeted Cash Flows

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		12,228	14,932	18,455	30,635	30,635	30,635	13,476	5,950	6,301	6,654
Service charges									18,246	19,323	20,405
Other revenue									1,360	1,439	1,520
Gov ernment - operating	1	33,105	31,671	17,872	17,403	17,403	17,403	14,776	21,176	20,938	21,794
Gov ernment - capital	1			12,059	10,490	10,490	10,490	8,890	8,005	8,135	8,329
Interest		433	37	146				101	1,163	1,232	1,301
Dividends									-	-	-
Payments											
Suppliers and employees		(35,012)	(33,479)	(35,493)	(75,181)	(75,181)	(75,181)	(29,206)	(47,174)	(48,440)	(50,820)
Finance charges		(71)	(207)	(507)					(305)	(305)	(305)
Transfers and Grants	1			(625)				(29)	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		10,684	12,954	11,908	(16,653)	(16,653)	(16,653)	8,008	8,420	8,623	8,877
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE									50	-	-
Decrease (Increase) in non-current debtors		676		941					-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets		(15,111)	(14,310)	(10,279)				(7,863)	(8,055)	(8,135)	(8,329)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(14,435)	(14,310)	(9,337)	-	-	-	(7,863)	(8,005)	(8,135)	(8,329)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits		249	(130)	(14)					-	-	-
Payments											
Repayment of borrowing		(261)	(144)	(83)				(81)	(305)	(305)	(305)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(11)	(274)	(98)	-	-	-	(81)	(305)	(305)	(305)
NET INCREASE/ (DECREASE) IN CASH HELD		(3,762)	(1,630)	2,473	(16,653)	(16,653)	(16,653)	63	110	183	243
Cash/cash equivalents at the year begin:	2	6,052	2,290	658				2,717	2,780	2,890	3,073
Cash/cash equivalents at the year end:	2	2,290	660	3,131	(16,653)	(16,653)	(16,653)	2,780	2,890	3,073	3,317

Table 12 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

NC066 Karoo Hoogland - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	2,290	660	3,131	(16,653)	(16,653)	(16,653)	2,780	2,890	3,073	3,317
Other current investments > 90 days		0	64	-	16,653	16,653	16,653	(3,402)	(110)	(129)	(208)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and Investments available:		2,290	723	3,131	-	-	-	(622)	2,780	2,944	3,109
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	6,103	5,210	5,724	(2,044)	(2,044)	(2,044)	1,453	71	75	80
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5								400	424	447
Total Application of cash and investments:		6,103	5,210	5,724	(2,044)	(2,044)	(2,044)	1,453	471	499	527
Surplus(shortfall)		(3,813)	(4,487)	(2,592)	2,044	2,044	2,044	(2,075)	2,309	2,445	2,582

Table 13 MBRR Table A10 - Basic Service Delivery Measurement

NC066 Karoo Hoogland - Table A10 Basic service delivery measurement

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Household service targets	1									
Water:										
Piped water inside dwelling		1,532			1,742	1,742	1,742	1,855	1,855	1,855
Piped water inside yard (but not in dwelling)		452			452	452	452	452	452	452
Using public tap (at least min.service level)	2									
Other water supply (at least min.service level)	4									
<i>Minimum Service Level and Above sub-total</i>		1,984	-	-	2,194	2,194	2,194	2,307	2,307	2,307
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4									
No water supply										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	1,984	-	-	2,194	2,194	2,194	2,307	2,307	2,307
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		299			299	299	299	686	686	686
Flush toilet (with septic tank)		792			1,002	1,002	1,002	791	791	791
Chemical toilet										
Pit toilet (ventilated)										
Other toilet provisions (> min.service level)										
<i>Minimum Service Level and Above sub-total</i>		1,091	-	-	1,301	1,301	1,301	1,477	1,477	1,477
Bucket toilet										
Other toilet provisions (< min.service level)		893			893	893	893	830	830	830
No toilet provisions										
<i>Below Minimum Service Level sub-total</i>		893	-	-	893	893	893	830	830	830
Total number of households	5	1,984	-	-	2,194	2,194	2,194	2,307	2,307	2,307
Energy:										
Electricity (at least min.service level)								180	180	180
Electricity - prepaid (min.service level)		840			1,052	1,052	1,052	1,155	1,155	1,155
<i>Minimum Service Level and Above sub-total</i>		840	-	-	1,052	1,052	1,052	1,335	1,335	1,335
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	840	-	-	1,052	1,052	1,052	1,335	1,335	1,335
Refuse:										
Removed at least once a week		1,984			2,194	2,194	2,194	2,307	2,307	2,307
<i>Minimum Service Level and Above sub-total</i>		1,984	-	-	2,194	2,194	2,194	2,307	2,307	2,307
Removed less frequently than once a week										
Using communal refuse dump										
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	1,984	-	-	2,194	2,194	2,194	2,307	2,307	2,307
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)					1,289	1,289	1,289	1,050	1,050	1,050
Sanitation (free minimum level service)					995	995	995	1,050	1,050	1,050
Electricity/other energy (50kwh per household per month)					995	995	995	410	410	410
Refuse (removed at least once a week)					995	995	995	1,050	1,050	1,050
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)					1,555	1,555	1,555	1,135	1,202	1,269
Sanitation (free sanitation service)					1,269	1,269	1,269	1,240	1,313	1,387
Electricity/other energy (50kwh per household per month)					566	566	566	860	911	962
Refuse (removed once a week)					2,282	2,282	2,282	1,210	1,281	1,353
Total cost of FBS provided (minimum social package)		-	-	-	5,672	5,672	5,672	4,445	4,707	4,971
Highest level of free service provided										
Property rates (R value threshold)					15,000	15,000	15,000	15,000	15,000	15,000
Water (kilolitres per household per month)					6	6	6	6	6	6
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)					81	81	81	103	103	103
Electricity (kwh per household per month)					50	50	50	50	50	50
Refuse (average litres per week)					1	1	1	1	1	1
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)					142	142	142	460	487	514
Property rates (other exemptions, reductions and rebates)					45	45	45	45	47	50
Water					1,555	1,555	1,555	1,135	1,202	1,269
Sanitation					1,269	1,269	1,269	1,240	1,313	1,387
Electricity/other energy					566	566	566	860	911	962
Refuse					2,282	2,282	2,282	1,210	1,281	1,353
Municipal Housing - rental rebates					18	18	18	19	20	21
Housing - top structure subsidies										
Other					1,083	1,083	1,083	1,148	1,216	1,284
Total revenue cost of free services provided (total social package)	6	-	-	-	6,960	6,960	6,960	6,117	6,478	6,841

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

Part 2 – Supporting Documentation

1.7 OVERVIEW OF THE ANNUAL BUDGET PROCESS

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the KHM's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

1.7.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2014) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule in August 2014. Key dates applicable to the process were:

- **January 2015** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2015** – Council to consider 2014/15 Mid-year Review;
- **February 2015**- Council to consider Adjustments Budget if necessary;
- **27 March 2014** - Tabling in Council of the draft 2015 / 2016 IDP and 2015 / 2016 MTREF for public consultation;
- **April 2015** – Public consultation;
- **May 2015** - Closing date for written comments;
- **6 to 21 May 2015** – finalisation of the 2015 / 2016 IDP and 2015 / 2016 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **24 May 2015** - Tabling of the 2015 / 2016 MTREF before Council for consideration and approval.

There were deviations from the key dates set out in the Budget Time Schedule tabled in Council since January 2015

1.7.2 IDP and Service Delivery and Budget Implementation Plan

1.7.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2015 / 2016 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2015 / 2016 MTREF:

- KHM growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2014/15 budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51 and 54 has been taken into consideration in the planning and prioritisation process.

1.7.4 Community Consultation

1.8 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity;
 - Provide water;
 - Provide sanitation;
 - Provide waste removal;
 - Provide housing;
 - Provide roads and storm water;
 - Provide public transport;
 - Provide KHM planning services; and
 - Maintaining the infrastructure of the KHM.

2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the KHM;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
 - Effective implementation of the Indigent Policy;
 - Working with the provincial department of health to provide primary health care services;
 - Extending waste removal services and ensuring effective KHM cleansing;
 - Ensuring all waste water treatment works are operating optimally;
 - Working with strategic partners such as SAPS to address crime;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
 - Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
 - Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound governance through:
 - Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
 - Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capaKHM to achieve set objectives
 - Review of the organizational structure to optimize the use of personnel;

Table 14 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

NC066 Karoo Hoogland - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

WCCo Karoo Hoogland - Supporting Table SA4 Reconciliation of IDP Strategic Objectives and Budget (Revenue)													
Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
R thousand													
Service Delivery	To enhance sustainable service delivery through infrastructure development			53,632	49,931	48,989	30,505	30,505	30,505	43,025	44,075	46,227	
Local Economic Development	The successful implementation of the LED Strategy Address social challenges that hinder economic development												
Financial Viability	The development of a financial plan with strategies to ensure that Karoo Hoogland will be a financial viable entity						3,463	3,463	3,463	3,307	3,502	3,698	
Municipal Transformation and Organizational Development	To establish proper administrative and institutional infrastructure to properly regulate the implementation of the IDP						5,500	5,500	5,500	1,578	1,671	1,765	
Good Governance	To actively involve the public in local government To monitor and evaluate the performance of council in terms of its PMS Community Participation									35	37	39	
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	53,632	49,931	48,989	39,468	39,468	39,468	47,945	49,286	51,729

Table 15 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

1.9 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the KHM has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

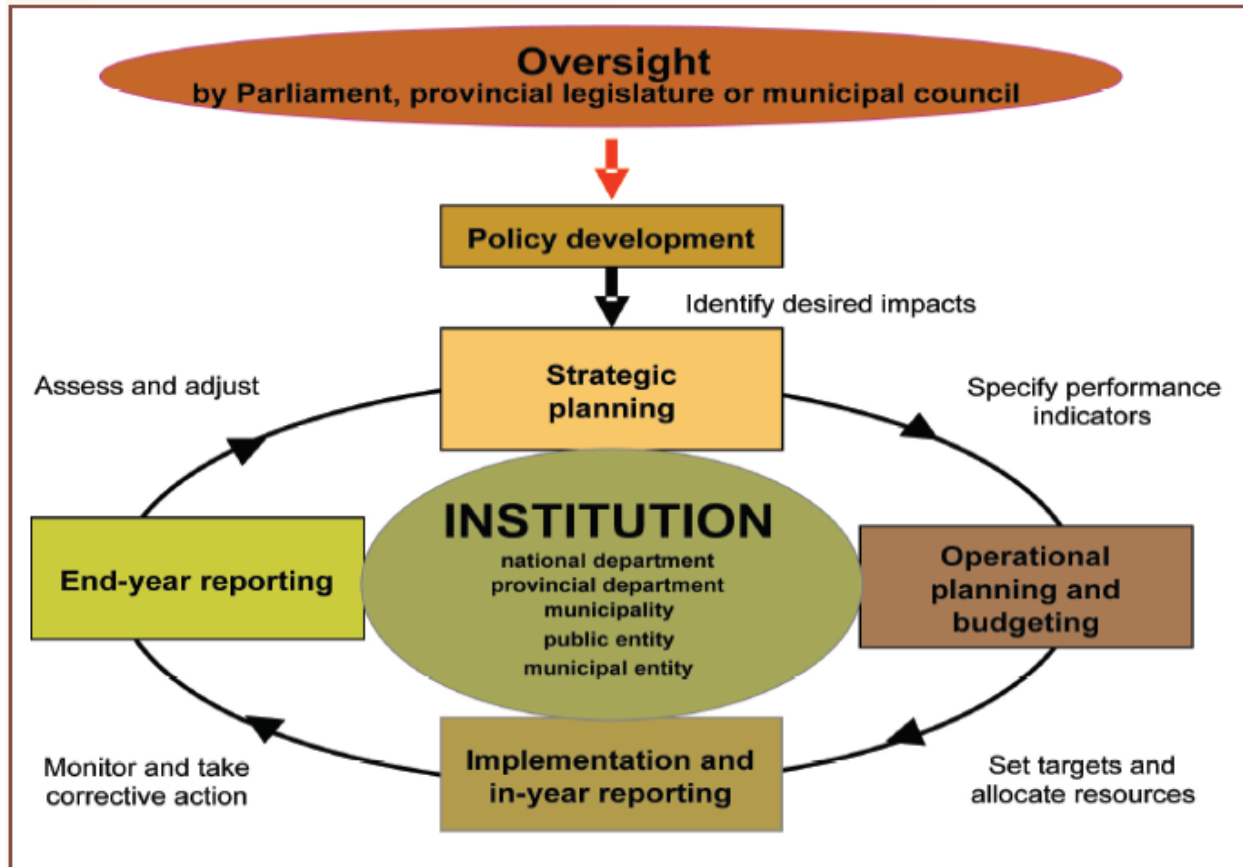


Figure 2 Planning, budgeting and reporting cycle

The performance of the KHM relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The KHM therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the KHM in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

Figure 3 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 16 MBRR Table SA7 - Measurable performance objectives

NC066 Karoo Hoogland - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Vote 1 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Vote 2 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Vote 3 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
And so on for the rest of the Votes										

The following table sets out the municipalities main performance objectives and benchmarks for the 2014 / 2015 MTREF.

NC066 Karoo Hoogland - Supporting Table SA8 Performance indicators and benchmarks

Ncube Karoo Hoogliand - Supporting Table SA6 Performance indicators and benchmarks											
Description of financial indicator	Basis of calculation	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.4%	1.5%	1.1%	0.0%	0.0%	0.0%	0.0%	1.3%	1.2%	1.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	5.2%	4.5%	3.1%	0.0%	0.0%	0.0%	0.0%	2.3%	2.2%	2.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	0.5	0.6	0.5	1.0	1.0	1.0	(0.6)	1.0	1.0	1.0
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.5	0.6	0.5	1.0	1.0	1.0	(0.6)	1.0	1.0	1.0
Liquidity Ratio	Monetary Assets/Current Liabilities	0.2	0.1	0.3	-	-	-	(0.4)	0.3	0.3	0.3
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		83.9%	81.9%	103.9%	138.8%	138.8%	138.8%	0.0%	96.4%	96.4%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		79.5%	81.9%	98.8%	138.8%	138.8%	138.8%	0.0%	96.4%	96.4%	96.4%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	11.0%	14.7%	5.6%	13.3%	13.3%	13.3%	0.0%	15.9%	16.3%	16.4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		471.2%	1700.3%	248.6%	-31.5%	-31.5%	-31.5%	52.3%	256.3%	255.2%	249.8%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)								411	435	459
	Total Cost of Losses (Rand '000)								616	652	689
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)								32	34	36
	Total Cost of Losses (Rand '000)								170	180	190
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	33.0%	37.2%	46.6%	46.0%	46.0%	46.0%	0.0%	36.2%	37.4%	37.7%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	65.9%	55.4%	55.4%	55.4%		41.2%	41.6%	42.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	3.0%	4.4%	2.6%	3.0%	3.0%	3.0%		4.2%	3.8%	3.2%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	27.3%	31.5%	43.2%	37.1%	37.1%	37.1%	0.0%	1.5%	1.5%	1.5%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	85.7	79.6	-	-	-	-	-	17.4	17.7	18.6
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services (Available cash + Investments)/monthly fixed operational expenditure	32.3%	43.6%	11.9%	26.6%	26.6%	26.6%	0.0%	30.8%	30.8%	30.8%
iii. Cost coverage		0.9	0.3	1.2	(6.0)	(6.0)	(6.0)	(411.6)	0.9	0.9	1.0

Table 17 MBRR Table SA8 - Performance indicators and benchmarks

1.9.1 Performance indicators and benchmarks

1.9.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Karoo Hoogland Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the KHM's debt portfolio is dominated by annuity loans.

Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

1.9.1.2 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the KHM has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2014 / 2015 MTREF the current ratio is 1.0 in the 2015/16 financial year and for the two outer years of the MTREF it is 1.0. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2014/15 financial year the ratio was 0.4 and as part of the financial planning strategy it has been increased to 0.3 in the 2015/16 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the KHM. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

1.9.1.3 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

1.9.1.4 Creditors Management

- The KHM has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the KHM, which is expected to benefit the KHM in the form of more competitive pricing of tenders, as suppliers compete for the KHM's business.

1.9.1.5 Other Indicators

- The electricity distribution losses remain at more than 9%, this is mainly due to the outdated infrastructure in Fraserburg.
- The water distribution losses cannot be calculated due to the shortage in bulk meters. This needs to be addressed urgently.
- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers. The percentage however is considered to be out of bounds.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the KHM's strategy to ensure the management of its asset base.

1.9.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the KHM. With the exception of water, only registered indigents qualify for the free basic services.

For the 2015/16 financial year 1050 registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, and free refuse, sanitation and discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 38.

1.9.3 Providing clean water and managing waste water

The KHM is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. All water is generated from the KHM's own water sources, such as boreholes and small dams.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

1.10 OVERVIEW OF BUDGET RELATED-POLICIES

The KHM's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

1.10.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in October 2008 and is reviewed annually. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, it is essential that projects implemented should create work. The 2015 / 2016 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 82 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the KHM's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy. Currently the collection rate is only 80%.

1.10.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the KHM's revenue base.

1.10.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the KHM continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions. Unfortunately both these processes were derailed in the current year.

1.10.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in September 2010. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

1.10.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the KHM's system of delegations.

1.10.6 Cash Management and Investment Policy

The KHM's Cash Management and Investment Policy were amended by Council in January 2009. The aim of the policy is to ensure that the KHM's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

1.10.7 Tariff Policies

The KHM's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

1.10.8 Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy has directly informed the compilation of the 2015 / 2016 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has to be modelled as part of the financial modelling and scenario planning process:

- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the above policies are available on the KHM's website, as well as the following budget related policies:

- Property Rates Policy;
- Borrowing Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

1.11 OVERVIEW OF BUDGET ASSUMPTIONS

1.11.1 External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the KHM's finances.

1.11.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2015 / 2016 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on KHM's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 36 percent of total operating expenditure in the 2015 / 2016 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

1.11.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. No borrowing is planned for the 2015 /16 year.

1.11.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (83 per cent) of annual billings. Cash flow is assumed to be 83 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored. In practice the collection rate only reach 83% currently.

1.11.5 Growth or decline in tax base of the municipality

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the KHM, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

1.11.6 Salary increases

A 4.4 % salary increase was negotiated nationally and Salga issued a press release on 3 March 2015

1.11.7 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

1.11.8 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2015 / 2016 MTREF of which performance has been factored into the cash flow budget.

1.12 OVERVIEW OF BUDGET FUNDING

1.12.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 18 Breakdown of the operating revenue over the medium-term

NC066 Karoo Hoogland - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

2015/16 Medium Term Revenue & Expenditure Framework											
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome			
R thousand											
REVENUE ITEMS:											
Property rates											
Total Property Rates	6	3,643	4,181	4,499	4,862	4,862	4,862		8,550	9,054	9,561
less Revenue Foregone									2,600	2,753	2,908
Net Property Rates		3,643	4,181	4,499	4,862	4,862	4,862	-	5,950	6,301	6,654
Service charges - electricity revenue											
Total Service charges - electricity revenue	6	6,020	6,657	7,000	8,669	8,669	8,669		9,250	9,796	10,344
less Revenue Foregone											
Net Service charges - electricity revenue		6,020	6,657	7,000	8,669	8,669	8,669	-	9,250	9,796	10,344
Service charges - water revenue											
Total Service charges - water revenue	6	1,467	1,898	2,022	2,700	2,700	2,700		2,900	3,071	3,243
less Revenue Foregone											
Net Service charges - water revenue		1,467	1,898	2,022	2,700	2,700	2,700	-	2,900	3,071	3,243
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		2,557	3,126	3,089	3,493	3,493	3,493		3,308	3,503	3,699
less Revenue Foregone											
Net Service charges - sanitation revenue		2,557	3,126	3,089	3,493	3,493	3,493	-	3,308	3,503	3,699
Service charges - refuse revenue											
Total refuse removal revenue	6								2,780	2,944	3,109
Total landfill revenue											
less Revenue Foregone											
Net Service charges - refuse revenue		-	-	-	-	-	-	-	2,780	2,944	3,109
Other Revenue by source											
List other revenue by source		174	687	277	2,341	2,341	2,341				
LG Seta									150	159	168
Other									445	471	497
Total 'Other' Revenue											
	3	174	687	277	2,341	2,341	2,341	-	595	630	665

The following graph is a breakdown of the operational revenue per main category for the 2015 / 2016 financial year.

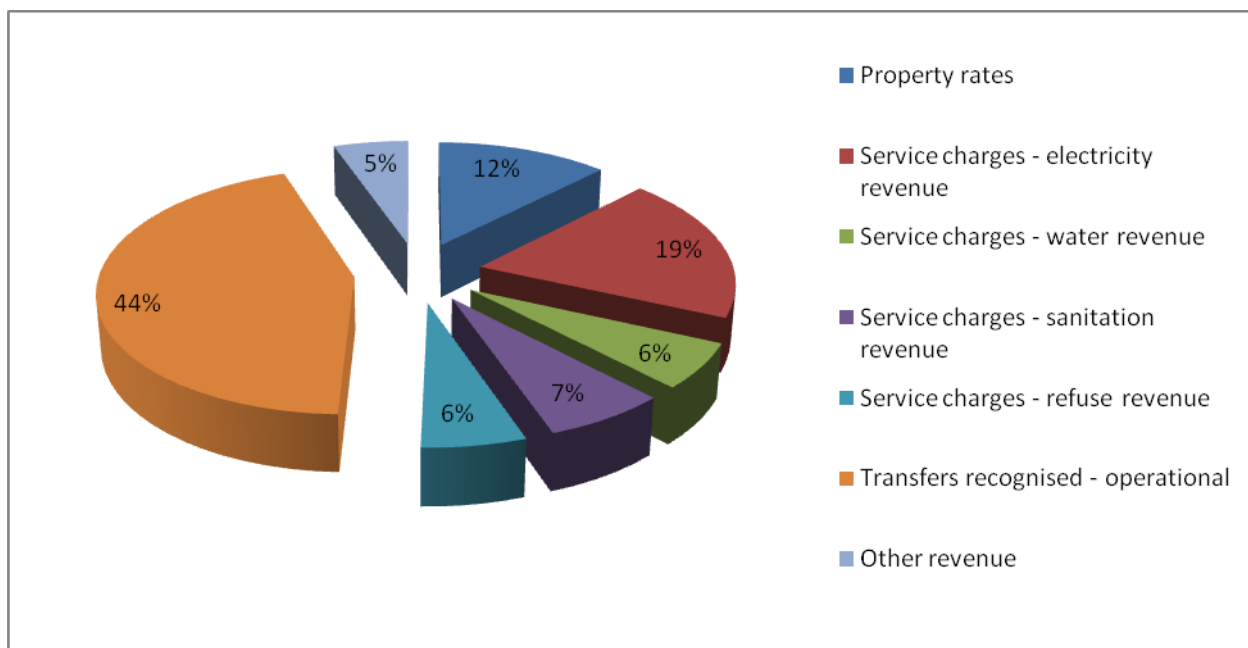


Figure 4 Breakdown of operating revenue over the 2015 / 2016 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The KHM derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the KHM and economic development;
- Revenue management and enhancement;
- Achievement of a 90 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2015 / 2016 MTREF on the different revenue categories are set out in

The tables below provide detail investment information and investment particulars by maturity.

Table 19 MBRR SA15 – Detail Investment Information

No funds are currently invested

Table 20 MBRR SA16 – Investment particulars by maturity

No funds are currently invested

1.12.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2015/16 medium-term capital programme:

Table 21 Sources of capital revenue over the MTREF

Funded by:											
National Government		15,111	11,034	10,267	10,490	10,490	10,490		8,005	8,135	8,329
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	15,111	11,034	10,267	10,490	10,490	10,490	–	8,005	8,135	8,329
Public contributions & donations	5										
Borrowing	6										
Internally generated funds				12							
Total Capital Funding	7	15,111	11,034	10,279	10,490	10,490	10,490	–	8,005	8,135	8,329

Table 22 MBRR Table SA 17 - Detail of borrowings

NC066 Karoo Hoogland - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Parent municipality										
Long-Term Loans (annuity/reducing balance)					2,961	2,961	2,961	2,488	2,323	2,149
Long-Term Loans (non-annuity)								-	-	-
Local registered stock								-	-	-
Instalment Credit								-	-	-
Financial Leases								-	-	-
PPP liabilities								-	-	-
Finance Granted By Cap Equipment Supplier								-	-	-
Marketable Bonds								-	-	-
Non-Marketable Bonds								-	-	-
Bankers Acceptances								-	-	-
Financial derivatives								-	-	-
Other Securities								-	-	-
Municipality sub-total	1	-	-	-	2,961	2,961	2,961	2,488	2,323	2,149

Table 23 MBRR Table SA 18 - Capital transfers and grant receipts

NC066 Karoo Hoogland - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		-	-	16,438	17,403	17,403	17,403	19,542	19,208	19,967
Local Government Equitable Share				13,898	14,669	14,669	14,669	15,812	16,426	17,034
Finance Management				1,650	1,800	1,800	1,800	1,800	1,825	1,900
Municipal Systems Improvement				890	934	934	934	930	957	1,033
EPWP Incentive								1,000	-	-
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	715	715	715	1,634	1,730	1,827
Library Grant					715	715	715	1,634	1,730	1,827
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	-	-	16,438	18,118	18,118	18,118	21,176	20,938	21,794
Capital Transfers and Grants										
National Government:		-	-	11,805	10,490	10,490	10,490	8,005	8,135	8,329
Municipal Infrastructure Grant (MIG)				10,805	8,890	8,890	8,890	8,005	8,135	8,329
Municipal Infrastructure Grant (MIG)				1,000	1,000	1,000	1,000			
Regional Bulk Infrastructure					600	600	600			
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Grants	5	-	-	11,805	10,490	10,490	10,490	8,005	8,135	8,329
TOTAL RECEIPTS OF TRANSFERS & GRANTS		-	-	28,243	28,608	28,608	28,608	29,181	29,073	30,123

1.12.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 24 MBRR Table A7 - Budget cash flow statement

NC066 Karoo Hoogland - Table A7 Budgeted Cash Flows

Description		Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates, penalties & collection charges			12,228	14,932	18,455	30,635	30,635	30,635	13,476	5,950	6,301	6,654
Service charges										18,246	19,323	20,405
Other revenue										1,360	1,439	1,520
Government - operating		1	33,105	31,671	17,872	17,403	17,403	17,403	14,776	21,176	20,938	21,794
Government - capital		1			12,059	10,490	10,490	10,490	8,890	8,005	8,135	8,329
Interest			433	37	146				101	1,163	1,232	1,301
Dividends										-	-	-
Payments												
Suppliers and employees			(35,012)	(33,479)	(35,493)	(75,181)	(75,181)	(75,181)	(29,206)	(47,174)	(48,440)	(50,820)
Finance charges			(71)	(207)	(507)					(305)	(305)	(305)
Transfers and Grants		1			(625)				(29)	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES			10,684	12,954	11,908	(16,653)	(16,653)	(16,653)	8,008	8,420	8,623	8,877
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE										50	-	-
Decrease (Increase) in non-current debtors			676		941					-	-	-
Decrease (Increase) other non-current receivables										-	-	-
Decrease (increase) in non-current investments										-	-	-
Payments												
Capital assets			(15,111)	(14,310)	(10,279)				(7,863)	(8,055)	(8,135)	(8,329)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(14,435)	(14,310)	(9,337)	-	-	-	(7,863)	(8,005)	(8,135)	(8,329)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans										-	-	-
Borrowing long term/refinancing										-	-	-
Increase (decrease) in consumer deposits			249	(130)	(14)					-	-	-
Payments												
Repayment of borrowing			(261)	(144)	(83)				(81)	(305)	(305)	(305)
NET CASH FROM/(USED) FINANCING ACTIVITIES			(11)	(274)	(98)	-	-	-	(81)	(305)	(305)	(305)
NET INCREASE/ (DECREASE) IN CASH HELD			(3,762)	(1,630)	2,473	(16,653)	(16,653)	(16,653)	63	110	183	243
Cash/cash equivalents at the year begin:		2	6,052	2,290	658				2,717	2,780	2,890	3,073
Cash/cash equivalents at the year end:		2	2,290	660	3,131	(16,653)	(16,653)	(16,653)	2,780	2,890	3,073	3,317

The above table shows that cash and cash equivalents of the KHM are largely depleted

1.12.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 25 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

NC066 Karoo Hoogland - Table A8 Cash backed reserves/accumulated surplus reconciliation

WCOB Karoo Holdings - Table A6 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	2,290	660	3,131	(16,653)	(16,653)	(16,653)	2,780	2,890	3,073	3,317
Other current investments > 90 days		0	64	-	16,653	16,653	16,653	(3,402)	(110)	(129)	(208)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		2,290	723	3,131	-	-	-	(622)	2,780	2,944	3,109
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	6,103	5,210	5,724	(2,044)	(2,044)	(2,044)	1,453	71	75	80
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5								400	424	447
Total Application of cash and investments:		6,103	5,210	5,724	(2,044)	(2,044)	(2,044)	1,453	471	499	527
Surplus(shortfall)		(3,813)	(4,487)	(2,592)	2,044	2,044	2,044	(2,075)	2,309	2,445	2,582

It can be concluded that the KHM has a deficit against the cash backed and accumulated surpluses reconciliation. The municipality has essentially depleted all cash reserves which is a serious concern and should be considered a strategic risk to the financial stability of the KHM. As part of the planning strategy, this deficit needs to be aggressively managed downwards and as part of the medium term planning objectives. It needs to be noted that for all practical purposes the 2015 / 2016 MTREF is funded when considering the funding requirements of section 18 and 19 of the MFMA. The 2015 / 2016 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. The challenge for the KHM will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

1.12.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 26 MBRR SA10 – Funding compliance measurement

Free Services											
Free Basic Services as a % of Equitable Share		0.0%	0.0%	0.0%	38.7%	38.7%	38.7%		28.1%	28.7%	29.2%
Free Services as a % of Operating Revenue (excl operational transfers)		0.0%	0.0%	0.0%	31.5%	31.5%	31.5%		22.9%	22.9%	22.9%
High Level Outcome of Funding Compliance											
Total Operating Revenue		53,629	49,930	36,930	39,468	39,468	39,468	–	47,945	49,286	51,729
Total Operating Expenditure		59,505	54,311	53,416	53,087	53,087	53,087	–	47,834	49,103	51,486
Surplus/(Deficit) Budgeted Operating Statement		(5,876)	(4,381)	(16,486)	(13,619)	(13,619)	(13,619)	–	111	183	243
Surplus/(Deficit) Considering Reserves and Cash Backing		(3,813)	(4,487)	(2,592)	2,044	2,044	2,044	(2,075)	2,309	2,445	2,582
MTREF Funded (1) / Unfunded (0)	15	0	0	0	1	1	1	0	1	1	1
MTREF Funded ✓ / Unfunded ✖	15	✖	✖	✖	✓	✓	✓	✖	✓	✓	✓

1.12.5.1 Cash/cash equivalent position

The KHM's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

1.12.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

1.12.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the KHM to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts.

1.12.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

1.12.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

1.12.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 65, 65.3 and 65.6 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 83 per cent performance target, the cash flow statement has been overstated. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

1.12.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision is considered to be insufficient.

1.12.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

1.12.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded.

1.12.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The KHM has budgeted for all transfers.

1.12.5.11 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the KHM's policy of settling debtors accounts within 30 days.

1.12.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the KHM's strategy pertaining to asset management and repairs and maintenance is contained in Table 60 MBRR SA34C on page 90.

1.12.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b on page 89.

1.13 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS

Table 27 MBRR SA19 - Expenditure on transfers and grant programmes

NC066 Karoo Hoogland - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		-	-	16,438	17,403	17,403	17,403	19,542	19,208	19,967
Local Government Equitable Share				13,898	14,669	14,669	14,669	15,812	16,426	17,034
Finance Management				1,650	1,800	1,800	1,800	1,800	1,825	1,900
Municipal Systems Improvement				890	934	934	934	930	957	1,033
EPWP Incentive								1,000	-	-
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	715	715	715	1,634	1,730	1,827
Library Grant					715	715	715	1,634	1,730	1,827
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants		-	-	16,438	18,118	18,118	18,118	21,176	20,938	21,794
Capital expenditure of Transfers and Grants										
National Government:		-	-	11,805	10,490	10,490	10,490	8,005	8,135	8,329
Municipal Infrastructure Grant (MIG)				10,805	8,890	8,890	8,890	8,005	8,135	8,329
Municipal Infrastructure Grant (MIG)				1,000	1,000	1,000	1,000			
Regional Bulk Infrastructure					600	600	600			
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total capital expenditure of Transfers and Grants		-	-	11,805	10,490	10,490	10,490	8,005	8,135	8,329
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		-	-	28,243	28,608	28,608	28,608	29,181	29,073	30,123

Table 28 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

NC066 Karoo Hoogland - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts		38,141	31,671	17,872	17,403	17,403	17,403	19,542	19,208	19,967
Conditions met - transferred to revenue		38,141	31,671	17,872	17,403	17,403	17,403	19,542	19,208	19,967
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts								1,634	1,730	1,827
Conditions met - transferred to revenue		-	-	-	-	-	-	1,634	1,730	1,827
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		38,141	31,671	17,872	17,403	17,403	17,403	21,176	20,938	21,794
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts		15,111	11,034	10,267	10,490	10,490	10,490	8,005	8,135	8,329
Conditions met - transferred to revenue		15,111	11,034	10,267	10,490	10,490	10,490	8,005	8,135	8,329
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		15,111	11,034	10,267	10,490	10,490	10,490	8,005	8,135	8,329
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		53,252	42,705	28,139	27,893	27,893	27,893	29,181	29,073	30,123
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

1.14 COUNCILLOR AND EMPLOYEE BENEFITS

Table 29 MBRR SA22 - Summary of councillor and staff benefits

NC066 Karoo Hoogland - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages				1,518	1,809	1,809	1,809	1,834	1,947	2,062
Pension and UIF Contributions				25	18	18	18			
Medical Aid Contributions										
Motor Vehicle Allowance										
Cellphone Allowance								146	155	163
Housing Allowances										
Other benefits and allowances				337	146	146	146	414	-	-
Sub Total - Councillors		-	-	1,880	1,973	1,973	1,973	2,394	2,102	2,225
% increase	4		-	-	4.9%	-	-	21.3%	(12.2%)	5.9%
Senior Managers of the Municipality	2									
Basic Salaries and Wages				3,803	3,600	3,600	3,600	2,325	2,462	2,600
Pension and UIF Contributions				85	82	82	82			
Medical Aid Contributions										
Overtime										
Performance Bonus				317	296	296	296	-	-	-
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		-	-	4,205	3,978	3,978	3,978	2,325	2,462	2,600
% increase	4		-	-	(5.4%)	-	-	(41.6%)	5.9%	5.6%
Other Municipal Staff										
Basic Salaries and Wages				15,377	13,323	13,323	13,323	12,411	13,180	13,955
Pension and UIF Contributions					829	829	829	825	876	928
Medical Aid Contributions					312	312	312	296	314	332
Overtime					146	146	146	152	162	171
Performance Bonus				1,138	963	963	963	1,005	1,067	1,130
Motor Vehicle Allowance	3							-	-	-
Cellphone Allowance	3							-	-	-
Housing Allowances	3				8	8	8	8	9	9
Other benefits and allowances	3			1,724	339	339	339	329	349	370
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff		-	-	18,239	15,920	15,920	15,920	15,027	15,957	16,896
% increase	4		-	-	(12.7%)	-	-	(5.6%)	6.2%	5.9%
Total Parent Municipality		-	-	24,324	21,871	21,871	21,871	19,746	20,521	21,721
			-	-	(10.1%)	-	-	(9.7%)	3.9%	5.9%

Table 30 MBRR SA24 – Summary of personnel numbers

NC066 Karoo Hoogland - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers		Ref	2013/14			Current Year 2014/15			Budget Year 2015/16		
Number		1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities											
Councillors (Political Office Bearers plus Other Councillors)			7		7	7		7	7		
Board Members of municipal entities		4									
Municipal employees											
Municipal Manager and Senior Managers		3	3		3	2		2	2		
Other Managers		7	4	4		3	3				
Professionals			–	–	–	–	–	–	–	–	–
Finance											
Spatial/town planning											
Information Technology											
Roads											
Electricity											
Water											
Sanitation											
Refuse											
Other											
Technicians			6	6	–	5	5	–	5	5	–
Finance			5	5		5	5		5	5	
Spatial/town planning											
Information Technology											
Roads											
Electricity			1	1							
Water											
Sanitation											
Refuse											
Other											
Clerks (Clerical and administrative)			12	12		12	12		12	12	
Service and sales workers											
Skilled agricultural and fishery workers											
Craft and related trades											
Plant and Machine Operators			6	6		6	6		5	5	
Elementary Occupations			68	68		60	60		58	58	
TOTAL PERSONNEL NUMBERS		9	106	96	10	95	86	9	89	89	–
% increase						(10.4%)	(10.4%)	(10.0%)	(6.3%)	3.5%	(100.0%)
Total municipal employees headcount		6, 10									
Finance personnel headcount		8, 10									
Human Resources personnel headcount		8, 10									

1.15 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

Table 31 MBRR SA25 - Budgeted monthly revenue and expenditure

NC066 Karoo Hoogland - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source																
Property rates		4,254	110	110	110	110	110	110	110	110	110	110	596	5,950	6,301	6,654
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		971	871	771	671	571	571	671	671	771	871	871	969	9,250	9,796	10,344
Service charges - water revenue		222	222	242	252	262	222	252	272	252	252	230	220	2,900	3,071	3,243
Service charges - sanitation revenue		276	276	276	276	276	276	276	276	276	276	276	272	3,308	3,503	3,699
Service charges - refuse revenue		232	232	232	232	232	232	232	232	232	232	232	228	2,780	2,944	3,109
Service charges - other		1	1	1	1	1	1	1	1	1	1	1	1	8	8	9
Rental of facilities and equipment		41	41	41	41	41	41	41	41	41	41	41	41	497	526	556
Interest earned - external investments		18	18	18	18	18	18	18	18	18	18	18	18	215	228	240
Interest earned - outstanding debtors		79	79	79	79	79	79	79	79	79	79	79	79	948	1,004	1,060
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		0	0	0	0	0	0	0	0	0	0	0	(0)	5	5	5
Licences and permits		2	2	2	2	2	2	2	2	2	2	2	2	20	21	22
Agency services		20	20	20	20	20	20	20	20	20	20	20	20	243	257	272
Transfers recognised - operational		9,538	220	220	220	5,490	220	220	220	4,173	220	220	220	21,176	20,938	21,794
Other revenue		50	50	50	50	50	50	50	50	50	50	50	50	595	630	665
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	50	53	56
Total Revenue (excluding capital transfers and contributions)		15,704	2,141	2,061	1,971	7,152	1,841	1,971	1,991	6,024	2,171	2,149	2,765	47,945	49,286	51,729
Expenditure By Type																
Employee related costs		1,446	1,446	1,446	1,446	1,446	1,446	1,446	1,446	1,446	1,446	1,446	1,446	17,352	18,419	19,496
Remuneration of councillors		203	203	203	203	203	203	203	203	203	203	203	161	2,394	2,102	2,225
Debt impairment		195	195	195	195	195	195	195	195	195	195	195	195	2,340	2,478	2,617
Depreciation & asset impairment		-	-	-	-	-	-	-	-	-	-	-	400	400	424	447
Finance charges		25	25	25	25	25	25	25	25	25	25	25	25	305	305	305
Bulk purchases		835	735	635	535	535	435	435	531	635	735	735	834	7,615	8,064	8,516
Other materials		169	169	169	169	169	169	169	169	169	169	169	169	2,028	1,882	1,660
Contracted services		450	450	330	80	80	80	80	80	80	80	80	80	1,950	2,065	2,181
Transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147	834	13,451	13,365	14,040
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		4,470	4,370	4,150	3,800	3,800	3,700	3,700	3,796	3,900	4,000	4,000	4,143	47,834	49,103	51,486
Surplus/(Deficit)		11,233	(2,229)	(2,089)	(1,829)	3,352	(1,859)	(1,729)	(1,805)	2,124	(1,829)	(1,851)	(1,378)	111	183	243
Transfers recognised - capital		8,005	-	-	-	-	-	-	-	-	-	-	(8,005)	-	-	-
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		19,238	(2,229)	(2,089)	(1,829)	3,352	(1,859)	(1,729)	(1,805)	2,124	(1,829)	(1,851)	(9,383)	111	183	243
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	19,238	(2,229)	(2,089)	(1,829)	3,352	(1,859)	(1,729)	(1,805)	2,124	(1,829)	(1,851)	(9,383)	111	183	243

KONSEP BEGROTING 2015/16

NC066 Karoo Hoogland - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand																
Revenue by Vote																
Council		615	2	2	2	492	2	2	2	370	2	2	2	1,494	1,562	1,632
Finance		2,778	53	53	53	53	53	53	53	53	53	53	52	3,357	3,446	3,634
Rates		6,521	20	20	20	461	20	20	20	351	20	20	20	7,514	7,930	8,347
Municipal Manager		3	3	3	3	3	3	3	3	3	3	3	3	35	37	39
Refuse		1,724	252	252	252	1,429	252	252	252	1,135	252	252	252	6,554	6,867	7,179
Libraries		1,634	1	1	1	1	1	1	1	1	1	1	1	1,641	1,737	1,835
Commonage		25	25	25	25	25	25	25	25	25	25	25	25	294	311	329
Townhall & Buildings		28	28	28	28	28	28	28	28	28	28	28	28	333	353	372
Cemeteries		1	1	1	1	1	1	1	1	1	1	1	1	8	8	9
Parks trees and recreation		2	2	2	2	2	2	2	2	2	2	2	2	28	30	31
Health													-	-	-	-
Streets and Public Works		1,000	1	1	1	1	1	1	1	1	1	1	1	1,011	11	12
Electricity		1,933	791	791	791	1,705	791	791	791	1,476	791	791	791	12,230	12,686	13,344
Water		1,562	265	265	265	1,302	265	265	265	1,043	265	265	265	6,289	6,803	7,116
Sanitation		1,807	294	294	294	1,505	294	294	294	1,202	294	294	294	7,159	7,505	7,851
Total Revenue by Vote		19,632	1,735	1,735	1,735	7,006	1,735	1,735	1,735	5,688	1,735	1,735	1,735	47,945	49,286	51,729
Expenditure by Vote to be appropriated																
Council		264	264	264	264	264	264	264	264	264	264	264	264	3,166	2,847	2,991
Finance		771	771	771	771	771	771	771	771	771	771	771	821	9,307	9,856	10,092
Rates		80	80	80	80	80	80	80	80	80	80	80	80	964	1,021	1,078
Municipal Manager		426	426	426	426	426	426	426	426	426	426	426	426	5,113	5,420	5,729
Refuse		286	286	286	286	286	286	286	286	286	286	286	286	3,437	3,640	3,844
Libraries		137	137	137	137	137	137	137	137	137	137	137	137	1,645	1,744	1,843
Commonage		7	7	7	7	7	7	7	7	7	7	7	7	85	90	95
Townhall & Buildings		31	31	31	31	31	31	31	31	31	31	31	31	375	397	419
Cemeteries		1	1	1	1	1	1	1	1	1	1	1	1	7	7	8
Parks trees and recreation		77	77	77	77	77	77	77	77	77	77	77	77	930	983	1,037
Health													-	-	-	-
Streets and Public Works		237	237	237	237	237	237	237	237	237	237	237	237	2,839	1,998	2,109
Electricity		984	984	984	984	984	984	984	984	984	984	984	984	11,802	12,454	13,111
Water		278	278	278	278	278	278	278	278	278	278	278	278	3,331	3,529	3,727
Sanitation		403	403	403	403	403	403	403	403	403	403	403	403	4,832	5,117	5,404
Total Expenditure by Vote		3,982	3,982	3,982	3,982	3,982	3,982	3,982	3,982	3,982	3,982	3,982	4,032	47,834	49,103	51,486
Surplus/(Deficit) before assoc.		15,650	(2,247)	(2,247)	(2,247)	3,024	(2,247)	(2,247)	(2,247)	1,706	(2,247)	(2,247)	(2,297)	111	183	243
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	15,650	(2,247)	(2,247)	(2,247)	3,024	(2,247)	(2,247)	(2,247)	1,706	(2,247)	(2,247)	(2,297)	111	183	243

Table 32 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Table 33 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

NC066 Karoo Hoogland - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue - Standard																
<i>Governance and administration</i>		9,600	138	138	138	1,066	138	138	138	837	138	138	82	12,693	13,285	13,980
Executive and council		618	5	5	5	492	5	5	5	373	5	5	5	1,528	1,618	1,671
Budget and treasury office		2,778	53	53	53	53	53	53	53	53	53	53	52	3,357	3,426	3,634
Corporate services		6,204	81	81	81	522	81	81	81	411	81	81	25	7,808	8,241	8,675
<i>Community and public safety</i>		167	167	167	167	167	167	167	167	167	167	167	167	2,010	2,128	2,247
Community and social services		165	165	165	165	165	165	165	165	165	165	165	165	1,982	2,098	2,216
Sport and recreation		2	2	2	2	2	2	2	2	2	2	2	2	28	30	31
Public safety													-	-	-	-
Housing													-	-	-	-
Health													-	-	-	-
<i>Economic and environmental services</i>		1,000	1	1	1	1	1	1	1	1	1	1	1	1,011	11	12
Planning and development													-	-	-	-
Road transport		1,000	1	1	1	1	1	1	1	1	1	1	1	1,011	11	12
Environmental protection													-	-	-	-
<i>Trading services</i>		7,026	1,601	1,601	1,601	5,941	1,601	1,601	1,601	4,856	1,601	1,601	1,601	32,232	33,862	35,490
Electricity		1,933	791	791	791	1,705	791	791	791	1,476	791	791	791	12,230	12,686	13,344
Water		1,562	265	265	265	1,302	265	265	265	1,043	265	265	265	6,289	6,803	7,116
Waste water management		1,807	294	294	294	1,505	294	294	294	1,202	294	294	294	7,159	7,505	7,851
Waste management		1,724	252	252	252	1,429	252	252	252	1,135	252	252	252	6,554	6,867	7,179
<i>Other</i>													-	-	-	-
Total Revenue - Standard		17,793	1,908	1,908	1,908	7,175	1,908	1,908	1,908	5,861	1,908	1,908	1,851	47,945	49,286	51,729
Expenditure - Standard																
<i>Governance and administration</i>		1,553	1,553	1,553	1,553	1,553	1,553	1,553	1,553	1,553	1,553	1,553	1,552	18,635	19,234	19,984
Executive and council		690	690	690	690	690	690	690	690	690	690	690	690	8,280	8,266	8,719
Budget and treasury office		776	776	776	776	776	776	776	776	776	776	776	775	9,307	9,856	10,092
Corporate services		87	87	87	87	87	87	87	87	87	87	87	88	1,049	1,111	1,173
<i>Community and public safety</i>		246	246	246	246	246	246	246	246	246	246	246	247	2,957	3,132	3,307
Community and social services		169	169	169	169	169	169	169	169	169	169	169	169	2,027	2,148	2,270
Sport and recreation		78	78	78	78	78	78	78	78	78	78	78	77	930	983	1,037
Public safety													-	-	-	-
Housing													-	-	-	-
Health													-	-	-	-
<i>Economic and environmental services</i>		237	237	237	237	237	237	237	237	237	237	237	237	2,839	1,998	2,109
Planning and development													-	-	-	-
Road transport		237	237	237	237	237	237	237	237	237	237	237	237	2,839	1,998	2,109
Environmental protection													-	-	-	-
<i>Trading services</i>		1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,951	23,402	24,739	26,086
Electricity		984	984	984	984	984	984	984	984	984	984	984	984	11,802	12,454	13,111
Water		278	278	278	278	278	278	278	278	278	278	278	278	3,331	3,529	3,727
Waste water management		403	403	403	403	403	403	403	403	403	403	403	402	4,832	5,117	5,404
Waste management		286	286	286	286	286	286	286	286	286	286	286	287	3,437	3,640	3,844
<i>Other</i>													-	-	-	-
Total Expenditure - Standard		3,986	3,986	3,986	3,986	3,986	3,986	3,986	3,986	3,986	3,986	3,986	3,986	47,834	49,103	51,486
Surplus/(Deficit) before assoc.		13,807	(2,078)	(2,078)	(2,078)	3,189	(2,078)	(2,078)	(2,078)	1,875	(2,078)	(2,078)	(2,135)	111	183	243
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	13,807	(2,078)	(2,078)	(2,078)	3,189	(2,078)	(2,078)	(2,078)	1,875	(2,078)	(2,078)	(2,135)	111	183	243

Table 34 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

NC066 Karoo Hoogland - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand																
Multi-year expenditure to be appropriated	1															
Council													-	-	-	-
Finance													-	-	-	-
Rates													-	-	-	-
Municipal Manager													-	-	-	-
Refuse													-	-	-	-
Libraries													-	-	-	-
Commonage													-	-	-	-
Townhall & Buildings													-	-	-	-
Cemeteries													-	-	-	-
Parks trees and recreation													-	-	-	-
Health													-	-	-	-
Streets and Public Works													-	-	-	-
Electricity													-	-	-	-
Water													-	-	-	-
Sanitation													-	-	-	-
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated																
Council													-	-	-	-
Finance													-	-	-	-
Rates													-	-	-	-
Municipal Manager													-	-	-	-
Refuse													-	-	-	-
Libraries													-	-	-	-
Commonage													-	-	-	-
Townhall & Buildings													-	-	-	-
Cemeteries													-	-	-	-
Parks trees and recreation													-	-	-	-
Health													-	-	-	-
Streets and Public Works		350	350	350	350	350	350	350	350	350	350	350	350	4,205	8,135	8,329
Electricity													-	-	-	-
Water		317	317	317	317	317	317	317	317	317	317	317	317	3,800	-	-
Sanitation													-	-	-	-
Capital single-year expenditure sub-total	2	667	667	667	667	667	667	667	667	667	667	667	667	8,005	8,135	8,329
Total Capital Expenditure	2	667	667	667	667	667	667	667	667	667	667	667	667	8,005	8,135	8,329

Table 35 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

NC066 Karoo Hoogland - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital Expenditure - Standard	1															
<i>Governance and administration</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Executive and council														-	-	-
Budget and treasury office														-	-	-
Corporate services														-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and social services														-	-	-
Sport and recreation														-	-	-
Public safety														-	-	-
Housing														-	-	-
Health														-	-	-
<i>Economic and environmental services</i>		350	350	350	350	350	350	350	350	350	350	350	350	4,205	8,135	8,329
Planning and development														-	-	-
Road transport		350	350	350	350	350	350	350	350	350	350	350	350	4,205	8,135	8,329
Environmental protection														-	-	-
<i>Trading services</i>		317	317	317	317	317	317	317	317	317	317	317	317	3,800	-	-
Electricity														-	-	-
Water		317	317	317	317	317	317	317	317	317	317	317	317	3,800	-	-
Waste water management														-	-	-
Waste management														-	-	-
<i>Other</i>														-	-	-
Total Capital Expenditure - Standard	2	667	667	667	667	667	667	667	667	667	667	667	667	8,005	8,135	8,329
Funded by:																
National Government		8,005												8,005	8,135	8,329
Provincial Government														-	-	-
District Municipality														-	-	-
Other transfers and grants														-	-	-
Transfers recognised - capital		8,005	-	-	-	-	-	-	-	-	-	-	-	8,005	8,135	8,329
Public contributions & donations														-	-	-
Borrowing														-	-	-
Internally generated funds														-	-	-
Total Capital Funding		8,005	-	-	-	-	-	-	-	-	-	-	-	8,005	8,135	8,329

Table 36 MBRR SA30 - Budgeted monthly cash flow

NC066 Karoo Hoogland - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash Receipts By Source													1		
Property rates	4,254	110	110	110	110	110	110	110	110	110	110	596	5,950	6,301	6,654
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	971	871	771	671	571	571	671	671	771	871	871	969	9,250	9,796	10,344
Service charges - water revenue	222	222	242	252	262	222	252	272	252	252	230	220	2,900	3,071	3,243
Service charges - sanitation revenue	276	276	276	276	276	276	276	276	276	276	276	276	3,308	3,503	3,699
Service charges - refuse revenue	232	232	232	232	232	232	232	232	232	232	232	232	2,780	2,944	3,109
Service charges - other	1	1	1	1	1	1	1	1	1	1	1	1	8	8	9
Rental of facilities and equipment	41	41	41	41	41	41	41	41	41	41	41	41	497	526	556
Interest earned - external investments	18	18	18	18	18	18	18	18	18	18	18	18	215	228	240
Interest earned - outstanding debtors	79	79	79	79	79	79	79	79	79	79	79	79	948	1,004	1,060
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	0	0	0	0	0	0	0	0	0	0	0	0	5	5	5
Licences and permits	2	2	2	2	2	2	2	2	2	2	2	2	20	21	22
Agency services	20	20	20	20	20	20	20	20	20	20	20	20	243	257	272
Transfer receipts - operational	9,538	220	220	220	5,490	220	220	220	4,173	220	220	220	21,176	20,938	21,794
Other revenue	50	50	50	50	50	50	50	50	50	50	50	50	595	630	665
Cash Receipts by Source	15,703	2,141	2,061	1,971	7,151	1,841	1,971	1,991	6,024	2,171	2,149	2,723	47,895	49,233	51,673
Other Cash Flows by Source															
Transfer receipts - capital	8,005												8,005	8,135	8,329
Contributions recognised - capital & Contributed assets															
Proceeds on disposal of PPE	50												50		
Short term loans															
Borrowing long term/refinancing															
Increase (decrease) in consumer deposits															
Decrease (Increase) in non-current debtors															
Decrease (Increase) other non-current receivables															
Decrease (Increase) in non-current investments															
Total Cash Receipts by Source	23,758	2,141	2,061	1,971	7,151	1,841	1,971	1,991	6,024	2,171	2,149	2,723	55,950	57,368	60,002
Cash Payments by Type															
Employee related costs	1,446	1,446	1,446	1,446	1,446	1,446	1,446	1,446	1,446	1,446	1,446	1,446	17,352	18,419	19,496
Remuneration of councillors	203	203	203	203	203	203	203	203	203	203	203	203	2,430	2,102	2,225
Finance charges	25	25	25	25	25	25	25	25	25	25	25	25	305	305	305
Bulk purchases - Electricity	835	735	635	535	535	435	435	531	635	735	735	835	7,615	8,064	8,516
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	169	169	169	169	169	169	169	169	169	169	169	169	2,027	1,882	1,660
Contracted services	450	450	330	80	80	80	80	80	80	80	80	80	1,950	2,065	2,181
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	1,317	1,317	1,317	1,317	1,317	1,317	1,317	1,317	1,317	1,317	1,317	1,317	15,800	15,908	16,743
Cash Payments by Type	4,445	4,345	4,124	3,775	3,775	3,675	3,675	3,771	3,874	3,975	3,975	4,074	47,479	48,745	51,125
Other Cash Flows/Payments by Type															
Capital assets	2,001	50		2,001			2,001		2,001				8,055	8,135	8,329
Repayment of borrowing													305	305	305
Other Cash Flow s/Payments													-	-	-
Total Cash Payments by Type	6,446	4,395	4,124	5,776	3,775	3,675	5,676	3,771	5,875	3,975	3,975	4,379	55,839	57,185	59,759
NET INCREASE/(DECREASE) IN CASH HELD	17,312	(2,254)	(2,063)	(3,805)	3,377	(1,834)	(3,705)	(1,780)	148	(1,804)	(1,826)	(1,656)	110	183	243
Cash/cash equivalents at the month/year begin:	2,780	20,092	17,838	15,775	11,970	15,347	13,513	9,808	8,028	8,177	6,373	4,547	2,780	2,890	3,073
Cash/cash equivalents at the month/year end:	20,092	17,838	15,775	11,970	15,347	13,513	9,808	8,028	8,177	6,373	4,547	2,890	2,890	3,073	3,317

1.16 ANNUAL BUDGETS AND SDBIPS – INTERNAL DEPARTMENTS

1.17 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

In terms of the KHM's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

1.18 CAPITAL EXPENDITURE DETAILS

The following three tables present details of the KHM's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 37 MBRR SA 34a - Capital expenditure on new assets by asset class

NC066 Karoo Hoogland - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		15,111	11,034	10,279	10,490	10,490	10,490	8,005	8,135	8,329
Infrastructure - Road transport		-	-	-	-	-	-	4,205	8,135	8,329
Roads, Pavements & Bridges								4,205	8,135	8,329
Storm water										
Infrastructure - Electricity		-	-	3,328	1,000	1,000	1,000	-	-	-
Generation										
Transmission & Reticulation				3,328	1,000	1,000	1,000			
Street Lighting										
Infrastructure - Water		14,722	10,996	4,978	9,490	9,490	9,490	3,800	-	-
Dams & Reservoirs										
Water purification										
Reticulation		14,722	10,996	4,978	9,490	9,490	9,490	3,800		
Infrastructure - Sanitation		185	-	1,961	-	-	-	-	-	-
Reticulation		185		1,961						
Sewerage purification										
Infrastructure - Other		204	38	12	-	-	-	-	-	-
Waste Management										
Transportation										
Gas										
Other		204	38	12						
Community			-	-	-	-	-	-	-	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses										
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing										
Other										
Heritage assets		-	-	-	-	-	-	-	-	
Buildings										
Other										
Investment properties		-	-	-	-	-	-	-	-	
Housing development										
Other										
Other assets		-	-	-	-	-	-	-	-	
General vehicles										
Specialised vehicles										
Plant & equipment		-	-	-	-	-	-	-	-	
Computers - hardware/equipment										
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
Agricultural assets			-	-	-	-	-	-	-	-
List sub-class										
Biological assets		-	-	-	-	-	-	-	-	
List sub-class										
Intangibles		-	-	-	-	-	-	-	-	
Computers - software & programming										
Other (list sub-class)										
Total Capital Expenditure on new assets	1	15,111	11,034	10,279	10,490	10,490	10,490	8,005	8,135	8,329

Table 38 MBRR SA37 - Projects delayed from previous financial year

All projects are multi year projects and no delays were experienced.

1.19 LEGISLATION COMPLIANCE STATUS

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis although sometimes late. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved.
2. Internship programme
The KHM is participating in the Municipal Financial Management Internship programme and has employed two interns undergoing training in various divisions of the Financial Services Department. Only two interns have been employed. The municipality did however re-advertise for the positions of another three interns.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
Currently there is no audit committee in place. The Municipality is however currently in negotiations with Hantam Local Municipality for a possible shared service.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2015 / 2016 MTREF in May 2015 directly aligned and informed by the 2015 / 2016 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
No training has been done on MFMA due to limited resources.
8. Policies
The Municipality is constantly developing new policies as the need arises. All budget related policies are in place and all policies are reviewed once a year and submitted to Council for approval.

1.20 OTHER SUPPORTING DOCUMENTS

Table 39 MBRR SA32 – List of external mechanisms

NC066 Karoo Hoogland - Supporting Table SA32 List of external mechanisms

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
EDK	Yrs	3	Copiers	30 June 2016	351
Sebata	Yrs	1	Financial Management System	31 March 2017	479
Mass Insurance	Yrs	1	Insurance	30 June 2015	271
Nashua	Yrs	5	Copiers	30 June 2016	55

The Municipality do have the contracts from service providers for the rental of copiers, for the supply of the Financial Management System and for insurance.

1.21 MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, municipal manager of Karoo Hoogland Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal manager of Karoo Hoogland Municipality (NC066)

Signature _____

Date _____